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November 12, 2025

Mr. Adam Teitzman, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: NC Real Estate Projects, LLC dba Grenelefe Utility
Request for Staff Assisted Rate Increase – Staff's Sixth Data Request
Docket No. 20250023-WS

Dear Mr. Teitzman,

Attached is the utility response to Staff Data Request #6 with attachments.

Should you or any members of the Commission staff have any questions in this regard, please let us know.

Sincerely,

SUNDSTROM & MINDLIN, LLP

/s/ F. Marshall Deterding

F. Marshall Deterding
Of Counsel

FMD/brf

cc: Jacob Imig
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NC Real Estates Projects, LLC d/b/a Grenelefe Utility
Docket No. 20250023-WS
Utility Response to Staff's 6th Data Request

1. **Salaries and Wages -** Please provide documentation supporting the Owner's reported 180 hours per month worked on utility-related activities, including but not limited to timesheets or any other records that demonstrate actual hours.

   Mr. House operates businesses without keeping time records as to the amount of hours he works at the business, he understands however many hours the business demands, those are the hours he will spend. Therefore, as the owner of the business, he does not have timesheets to provide for the hours. This activity would not be an efficient use of time.

2. **Salaries and Wages -** Please identify all other business entities or organizations in which the Owner performs work, provides services, or has ownership interest. For each entity, if any, please specify the title, description, and the number of hours or percentage of total work time allocated for the role.

   Attached hereto is an entity summary and time devoted for 2025 showing all of the entities on which Mr. House, the owner of the parent company of the utility, devotes time to on a regular basis and a description of the types of work and frequency of work that Mr. House provides to those entities. In addition, outlined in detail below are all of the employees of the utility and their respective duties and salaries.

   The Utility employs Independent Contractors for the Operation, billing, maintenance and simple improvement additions. Mr. House has added 2 more issue service members to the team since filing the rate case to address the issues that have been arising due to the age of the facility. Mr. House is currently covering the cost of these workers because he identified the additional support was needed.

Jason Cox – Accountant, Operations Oversight and Finance - $96,000 ($46,000 Water / $46,000 Wastewater)

Jason Cox is responsible for preparation of financial items for reporting, sourcing equipment, materials and delivery of items for the Utility, reviewing and approving for payment invoices from vendors, Oversight of Operations, Billing and Compliance functions, cash flow modeling and developing debt request packages and securing needed capital to operate, maintain and improve Utility. His responsibilities cross both Water and Wastewater and impact both sources evenly thus the compensation is spilt evenly between the two. He works 65 hours a week, 260 hours a month, he averages 180 hours a month for the utility, but usually provides more with the accounting duties.

Joyce Roberts – Billing Manager -- $60,000 ($30,000 Water / $30,000 Wastewater)

Joyce Roberts is responsible for procuring the monthly meter reads, preparing late payment adjustments, 5 day notices to Customers, collecting Customer payments and recording them in the billing software, delivering Customer notices (Boil Water Notices & Recissions and monthly Customer Invoices), interacting with Customers who have issues and assuring all compliance items are timely filed by the responsible team member. Joyce works 160 hours per month for the utility only.

Paul Santana - Operator - $ 115,000 ($62,500 Water / $62,500 Wastewater)

Paul is the Operator of Record for the Utility. He is responsible for the water quality reporting, gallons drawn reporting, Chlorine additions, all equipment maintenance & servicing items, reporting to FDEP, SWFWMD and Polk County Board of Health. All other contractors work with Paul to compliantly Operating; all other contractors report to the Operator. Paul's Hours are 180 hours a month for the utility only, 45 hours a week and he is at facility for the required hours for the Utility to remain compliant.

Marlon Andrade – Utility Chief Maintenance - $100,000 ($50,000 Water / $50,000 Wastewater)

Marlon functions to address any system issues like line breaks, sewer clogs, lift station alarms, adding water meters, and facility improvements. Marlon is on call so his hours can range from 160 hours to 200 per month for the utility. His role is to rapidly address any issues and thus he is a critical member of the staff.

Felipe Restrepo - Sub Operator - $65,000 ($32,500 Water / $32,500 Wastewater)

Felipe is also a licensed Operator and will Operate the facility whenever the Operator is unavailable. Felipe works with Marlon and Gabriel to address any system issues. His role is a backup to the Operator and work with the team to address any issues that arise at the facility. As a member of the team, he works 50-70 hours a month for the utility.

Gabriel Gomes – Handyman, Meter Reader and Late pay customers Lock outs - $75,000 ($37,500 Water / $37,500 Wastewater)

Gebriel works primarily as meter replacement, meter reader and meter lock out for late paying customers. He also helps whenever issues occur to get the issue addressed by the team as soon as possible. As a member of the team, he works between 80 and 100 hours a month for the utility.

3. **Salaries and Wages -** Please explain and provide all documentation supporting the basis and rationale for the $100,000 annual salary requested for the Owner.

   Scott House Owner – Management Fee - $100,000 ($50,000 W / $50,000 WW)

   Scott House is the 100% owner of the Utility, his only operations focused entity he owns. This Utility demands the majority of his time with the Renovation Plans (working with engineers, contractors, negotiating with vendors and answering questions from FL PSC & FDEP about its progress), connecting with the Managers of the new projects connecting with the Utility, working with Civil Engineers planning the connection to new developments near the facility, overseeing the managers to make sure everyone the prescribed duties and writing checks for processed and approved vendor payments. As this is the only operating entity Mr. House owns, he does focus the great majority of this time with the duties and responsibilities of this company. He typically works 70 hours a week or 240 hours a month and his average time spent on Utility focused issues is 45 hours a week, 180 hours a month. His responsibilities cross both Water and Wastewater and impact both sources evenly; thus, the compensation is spilt evenly between the two for the utility.

4. **OPC's Letters of Observation -** Please provide any additional information, explanation, or documentation the Utility believes the Commission should consider in response to the Office of Public Counsel's letters of observations, including but not limited to matters related to salaries, bad debt, unaccounted-for water, or other noted observations.[1]

   a. 46% Excessive Unaccounted for Water (EUW)
      OPC contends that UFW percentage for the test year is 56% yet staff asserts an amount of 46% for the test year. In company data responses it is noted that since acquisition of the utility in 2022, the company was aware that two issues were prevalent. The first issue was water meters that were either not registering or meters that were registering slow both due to their age being approximately 50 years old. The second issue was that not all meters were being read. The company has been addressing the old non-registering meters and has replaced approximately 100 meters and has also changed meter readers. This has helped but will not entirely resolve the UFW issue until all meters are replaced with new digital meters at a cost of over $1 million as proposed in the proforma capital items. Based upon staff's analysis, it appears that the staff agrees with the investment is prudent and has proposed

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[1] Document Nos. 09157-2025 and 14200-2025.

to include that cost in rate base, but that cost should also be considered in establishing the appropriate connection fees for the utility. The process of replacing the old meters can be done very quickly as referenced in prior company data responses. Given this will be the justified solution, it would be prudent to follow up on this issue and require the company to report on the results moving forward after the meters are replaced rather than penalize them now.

In addition, the water values throughout the system are also well past their useful lives and the Utility ahs proposed to replace those as well. Because many of the existing valves are non-functionary or malfunctioning, the Utility believes that they contribute to lost water due to increasing the areas impacted by boil water notices and required flushing. As such, the replacement of these valves should help alleviate, in part, the unaccounted for water and the frequency, severity and duration of boil water notices.

b. Accounting, Operations Oversight & Financial Officer - $96,000 vs OPC $69,838

Jason Cox – Accountant, Operations Oversight and Finance - $96,000 ($46,000 Water / $6,000 Wastewater)

Jason Cox is responsible for preparation of financial items for reporting, sourcing equipment, materials and delivery of items for the Utility, reviewing and approving for payment invoices from vendors, Oversight of Operations, Billing and Compliance functions, cash flow modeling and developing debt request packages and securing needed capital to operate, maintain and improve Utility. His responsibilities cross both Water and Wastewater and impact both sources evenly thus the compensation is spilt evenly between the two. He works 65 hours a week, 260 hours a month, he averages 180 hours a month, but usually provides more with the accounting duties.

This role requires specialized knowledge and the ability to balance many objectives at once while applying the specialized skills of debt procurement and management to assure adherence to the terms and conditions of any borrowing. He applies his knowledge of building loan packages and understanding of lenders requirements to secure the forecasted capital need.

c. $100,000 Scott House Management fee

Scott House Owner – Management Fee - $100,000 ($50,000 W / $50,000 WW)

Scott House is the 100% owner of the Utility, his only operations focused entity he owns. This Utility demands the majority of his time with the Renovation Plans (working with engineers, contractors, negotiating with vendors and answering questions from FL PSC & FDEP about its progress), connecting with the Managers of the new projects connecting with the Utility, working with Civil Engineers planning the connection to new developments near the facility, overseeing the managers to make sure everyone the prescribed duties and writing checks for processed and approved vendor payments. As this is the only Operating entity Mr. House owns, he does focus the great majority of this time with the duties and responsibilities of this Company. He typically works 70 hours a week or 240 hours a month and his average time spent on Utility focused issues is 45 hours a week, 180 hours a month. His responsibilities cross both Water and Wastewater and impact both sources evenly thus, the compensation is spilt evenly between the two for the utility.

d. Bad Debt Expense - $0
   OPC contends that the level of bad debt expense should be 1% as opposed to the staff's 2% amount of total revenue. OPC contends that customer deposits are designed to address and mitigate delinquent accounts. Additionally, OPC contends that past commission practice has been to establish bad debt expense at 1% of total revenue. The company takes the position that it has a substantially higher number of rental units as customers, when compared to the average water and wastewater utility regulated by the PSC. In fact, the utility believes they probably have the greatest percentage of rental customers of any utility. As such, the utility expects bad debt to be at a level well above the average for regulated utilities.

Frederick Scott House
Entity Summaries & Time devoted 2025

1) **Ronin Assets, LLC**

   Ronin Assets, LLC is the Capital Funding entity for Mr. House's ventures. This is the account that stores and distributes to the affiliated companies funds to accomplish the business goal. This entity does not have ownership in any of the Special Purpose Entities (SPEs) but it is where Mr. House places funds to fund his ventures.

   Since this entity is merely a conduit for funding the SPEs Mr House spends no significant time working on this entity. Mr House estimates he spends approximately 5 hours per month on operations for this company.

Special Purpose Entities

2) **NC Real Estate Projects, LLC** is the owner of the Water and Wastewater Treatment Facility d/b/a Grenelefe Utility.

   Since this entity operates and controls the only ongoing business of the entities operated by Mr House, it consumes the great majority of his time on a day-to-day basis. It is estimated that approximately 95% of Mr Houses daily activity is related to utility operations and management. Mr House estimates he spends approximately 180 hours per month on operations for this company.

3) **SJD Development, LLC** is a real Estate holding company which owns 2 small properties that are in the Polk county region. Since neither of those parcels of property are currently actively being developed, they are in permitting stages and require very little of Mr House's day-to-day time. Approximately 1 hour per month

4) **Smokey Groves Development, LLC** – is a real Estate holding company which owns approx. 130 acres of non-developable wetlands that will be likely be donated to local government at some time in the future. This entity requires little to none of Mr Houses time on a daily basis, Approximately 1 hour per month.

5) **Grenelefe Resort Development, LLC** – is a real estate holding company. *It* owns the remaining undeveloped property within the old Grenelfe Resort that has not been sold to other builders At present it has no activity other than mowing and maintaining the raw land. As such it requires very little management time presently. Mr house estimates that he spends about 3 hours per month related to this entity.